

NOTE 11 – LEASES**Capital Leases**

King County has entered into agreements to purchase buildings, machinery, and equipment through capital lease and installment purchase agreements. Assets acquired and liabilities incurred through such agreements for governmental funds are accounted for in the Governmental Activities. Such assets and liabilities related to proprietary type funds are accounted for within the proprietary funds (Business-type Activities).

The following is a schedule of capital assets and outstanding liabilities relating to capital lease agreements and installment purchase contracts as of December 31, 2005 (in thousands):

	Capital Assets		Capital Leases Payable	
	Governmental Activities	Business-type Activities	Governmental Activities	Business-type Activities
Land	\$ 23,990	\$ -	\$ -	\$ -
Building	125,340	-	139,775	3,685
Leasehold improvements	-	4,881	-	-
Less depreciation	(16,470)	(609)	-	-
Subtotal	<u>108,870</u>	<u>4,272</u>	<u>139,775</u>	<u>3,685</u>
Machinery and equipment	355	-	337	-
Less depreciation	(68)	-	-	-
Subtotal	<u>287</u>	<u>-</u>	<u>337</u>	<u>-</u>
Totals	<u>\$ 133,147</u>	<u>\$ 4,272</u>	<u>\$ 140,112</u>	<u>\$ 3,685</u>

The following is a schedule, by year, of future minimum lease payments under capital lease and installment purchase agreements together with the present value of the net minimum lease payments as of December 31, 2005 (in thousands):

	Governmental Activities	Business-type Activities
2006	\$ 10,774	\$ 255
2007	10,708	255
2008	10,637	255
2009	10,585	255
2010	10,587	255
2011-2015	52,930	1,275
2016-2020	52,451	1,275
2021-2025	50,525	1,275
2026-2030	25,949	1,275
2031-2033	<u>4,389</u>	<u>149</u>
Total minimum lease payments	239,535	6,524
Less: Amount representing interest	(99,423)	(2,839)
Present value of new minimum lease payments	<u>\$ 140,112</u>	<u>\$ 3,685</u>

NOTE 11 – CONTINUED**Operating Leases**

The County has numerous operating lease commitments for office space, equipment, radio towers, and railroad tracks. The Information and Telecommunications Services Fund leases computer hardware; these leases include maintenance agreements. Expenditures for the year ended December 31, 2005, for operating lease and rental agreements for office space, equipment, and other operating leases amount to \$28.8 million. The patterns of the future lease payment requirements are systematic and rational. Future minimum lease payments for these leases are as follows (in thousands):

<u>Year</u>	<u>Office Space</u>	<u>Equipment</u>	<u>Other</u>	<u>Total</u>
2006	\$ 10,938	\$ 373	\$ 870	\$ 12,181
2007	8,649	149	652	9,450
2008	4,695	27	560	5,282
2009	3,014	25	529	3,568
2010	2,246	15	513	2,774
2011-2015	6,424	-	2,406	8,830
2016-2020	991	-	1,472	2,463
2021-2025	991	-	1,582	2,573
2026-2030	991	-	1,746	2,737
2031-2035	606	-	1,928	2,534
2036-2040	-	-	2,129	2,129
2041-2045	-	-	2,350	2,350
2046-2050	-	-	2,595	2,595
2051-2053	-	-	1,540	1,540

The County currently leases some of its property to various tenants under long-term, renewable, and noncancelable contracts. Under business-type activities, the King County Airport Enterprise leases out most of the buildings and grounds in the King County International Airport/Boeing Field complex to companies and government agencies in the aviation industry. Some land and building space devoted to governmental activities are also leased out under long-term operating leases.

The following schedule is an analysis of the County's investment in property under long-term, noncancelable operating leases as of December 31, 2005 (in thousands):

	<u>Governmental</u>	<u>Business-type</u>	
	<u>activities</u>	<u>Airport</u>	<u>Other</u>
Land	\$ 141	\$ 11,220	\$ -
Buildings	1,919	45,109	702
Less depreciation	(660)	(24,433)	(47)
Total cost of property under lease	<u>\$ 1,400</u>	<u>\$ 31,896</u>	<u>\$ 655</u>

NOTE 11 – CONTINUED

The following is a schedule of minimum future lease receipts on noncancelable operating leases based on contract amounts and terms as of December 31, 2005 (in thousands):

<u>Year</u>	<u>Governmental Activities</u>	<u>Business-type</u>		<u>Total</u>
		<u>Airport</u>	<u>Other</u>	
2006	\$ 2,191	\$ 5,887	\$ 599	\$ 8,677
2007	2,001	5,541	450	7,992
2008	1,823	5,056	273	7,152
2009	1,753	4,695	110	6,558
2010	1,340	4,680	-	6,020
2011-2015	3,743	22,782	-	26,525
2016-2020	3,601	20,494	-	24,095
2021-2025	3,324	18,447	-	21,771
2026-2030	3,079	17,658	-	20,737
2031-2036	641	2,814	-	3,455